

Effective Date: July 1, 2002

**WIA TITLE I B
RECAPTURE/REALLOCATION
POLICY AND PROCEDURE**

Note: This policy effects all funding streams: youth, adult and dislocated worker funds among local areas within the State of Arkansas in accordance with the provisions of § 128(c) and 133(c) of the Act.

For each funding stream under WIA (youth, adult and dislocated workers), the State will recapture from each local area, for purposes of reallocation, any unobligated balance that exceeds 20 percent of that year's allocation for the program. The calculation will exclude any amount reserved for administrative costs (up to 10 percent) per §667.160(b). The unobligated balance will be determined based on an adjustment for any allowable transfers between funding streams. Each funding stream will be calculated separately.

To be eligible for receiving youth, adult or dislocated worker funds under the reallocation process, the following will apply:

Youth funds will be reallocated to eligible local areas (i.e., areas that have obligated at least 80 percent of the prior program year funds less any amount reserved for the costs of administration (up to 10 percent). Per §128(c)(3), the State will allocate an amount based on the relative amount allocated to the local area under §128(b)(3) for activities for the prior program year as compared to the total amount allocated to all eligible local areas in the State. For purposes of any reallocation under the youth program, local areas that received allocations under §128(b)(2)(A) for the prior program year will be treated as if the local areas received allocations under §128(b)(3).

Adult and dislocated worker funds will be reallocated to eligible local areas (i.e., areas that have obligated at least 80 percent of the prior program year funds less any amount reserved for the costs of administration (up to 10 percent) and adjustments for any allowable transfer(s) between the adult and dislocated worker funding streams (reference §667.140 for the definition of an "allowable" transfer). Per §133(c)(3), the State will allocate an amount based on the relative amount allocated to the local area under §133(b)(3) for activities for the prior program year as compared to the total amount allocated to all eligible local areas in the State. For purposes of any reallocation under the adult and dislocated worker programs, local areas will be treated as if the local areas received allocations under §128(b)(3) of the Act . [See Attachment A for an example.] Funds not expended by a local area per §667.107:

Funds which were not **expended** by a local area in the two-year period as described under §667.107(b), **must** be returned to the State. Funds returned to the State will be either utilized for Statewide projects, or at the discretion of the State, may also be distributed to other local areas which had fully expended their allocation of funds for the same program year within the two-year period of availability of the funds. Such funds must be expended by the next program year regardless if used for Statewide projects or distributed to local areas. [See Attachment B for an example.]

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Example Recapture/Reallocation Table for Demonstrative Purposes Only

Local Area A	Allocation (PY 2001)	Admin Reserve (up to 10%)	Transfers (adult & DW program only)	Unobligated Balance (at the end of PY 2001)	Total Funds Local Area A is Allowed to Retain	Total Funds Recaptured
Scenario #1	\$1,000,000	10% (\$100,000)	-0-	\$500,000	\$180,000	\$320,000

Scenario #1 Assumptions and Calculations: Example is based upon the assumption Local Area A received a \$1M allocation for the adult funding stream for PY 2001. The amount reserved for PY 2001 for admin is \$100,000. The local area did not transfer funds from or to the adult program. To calculate, use the following formula:

$\$1,000,000 \text{ (allocation)} - \$100,000 \text{ (reserved by Local Area A for admin)} = \$900,000 \text{ (adjusted allocation for formula purposes)}$

$\$900,000 \times 20\% \text{ (percentage in the regulations [See §667.160(b)] used to calculate amount local areas can retain from unobligated balance)} = \$180,000 \text{ (amount Local Area A can retain from the unobligated balance).}$

$\$500,000 \text{ (unobligated balance)} - \$180,000 \text{ (amount Local Area A can retain from unobligated balance)} = \$320,000 \text{ (amount to be recaptured).}$

The amount to be recaptured from Local Area A for Scenario #1 is \$320,000.

The amount to be retained by Local Area A for Scenario #1 is \$180,000.

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Example Recapture/Reallocation Table for Demonstrative Purposes Only

Local Area A	Adult Allocation (PY 2001)	Admin Reserve (up to 10%)	Transfers (adult & DW programs only)	Unobligated Balance (at the end of PY 2001)	Total Funds Local Area A is Allowed to Retain	Total Funds Recaptured
Scenario #2	\$1,000,000	10% (\$100,000)	\$30,000	\$500,000	\$174,000	\$326,000

Scenario #2 Assumptions and Calculations: Example is based upon the assumption Local Area A received a \$1M allocation for the adult funding stream for PY 2001. The amount reserved for PY 2001 for admin is \$100,000. Local Area A transferred \$30,000 from the adult program to the DW program. To calculate, use the following formula:

$\$1,000,000 \text{ (allocation)} - \$100,000 \text{ (reserved by Local Area A for admin)} = \$900,000$

$\$900,000 - \$30,000 \text{ (amount transferred from adult to DW program)} = \$870,000 \text{ (adjusted allocation for formula purposes)}$

$\$870,000 \times 20\% \text{ (percentage in the regulations [See §667.160(b)] used to calculate amount local areas can retain from unobligated balance)} = \$174,000 \text{ (amount Local Area A can retain from the unobligated balance).}$

$\$500,000 \text{ (unobligated balance)} - \$174,000 \text{ (amount Local Area A can retain from the unobligated balance)} = \$326,000 \text{ (amount to be recaptured by the State).}$

The amount to be recaptured from Local Area A for Scenario #2 is \$326,000.

The amount to be retained by Local Area A for Scenario #2 is \$174,000.

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Table for Demonstrative Purposes Only

Local Area A	Allocation (PY 2000)	Unexpended Balance (determined at the end of the end of the two year period or 2002)	Total Funds Recaptured
Youth Funding Stream	\$1,500,000	\$235,000	\$235,000
Adult Funding Stream	\$900,000	\$356,000	\$356,000
DW Funding Stream	\$700,000	\$127,000	\$127,000
Total	\$3,100,000	\$718,000	\$718,000

Note: Example is based upon the following assumptions for Local Area A's PY 2000 allocations:

Youth is \$1,500,000

Adult is \$900,000

DW is \$700,000

Scenario #1 Assumptions and Calculations: The total unexpended balance of all three funding streams for PY 2000 funds is \$718,000. The amount of unexpended funds is the amount to be returned to the State (i.e., \$718,000) on July 1, 2002.